



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 724** SLS 10RS 1401

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 4, 2010	5:30 PM	Author: GAUTREAUX, N.
Dept./Agy.: Natural Resources		
Subject: 16th Section Lands		Analyst: Greg Albrecht

LANDS/WATERBOTTOM

OR -\$260,221 GF RV See Note

Page 1 of 1

Provides relative to the income beneficiary of certain revenues generated on certain state-owned water bottoms. (8/15/10)

Current law transfers ownership of 16th section lands to the State when such lands become part of the bed or body of navigable water. Revenues generated from such former lands shall be credited to the account of the current school fund of the parish having an interest in the 16th section or indemnity school lands. If the former lands are covered by an existing oil & gas lease granted by the state, all proceeds from production generated after July 1, 2007 shall be credited to the account of the current school fund of the parish having an interest in the 16th section or indemnity school lands.

Proposed law grants all proceeds from production generated after July 1, 2007 to the account of the current school fund of the parish where the 16th section lands are located even if the 16th section lands are comprised entirely of state-owned waterbottoms and no school indemnity lands were provided from such 16th section land.

The provisions of this Act are to be applied retroactively to July 1, 2007.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	(\$260,221)	(\$23,042)	(\$19,585)	(\$16,647)	(\$14,150)	(\$333,645)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$260,221	\$23,042	\$19,585	\$16,647	\$14,150	\$333,645
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill essentially dedicates what is currently state royalty revenue to the Vermillion Parish current school fund. Thus, the fiscal note table above depicts state general fund revenue losses and a like amount of dedicated fund gains. According to the Department of Natural Resources, the bill is targeting state waterbottoms of White Lake in Vermillion Parish. State royalty revenue from an oil and gas lease on this particular portion of waterbottom amounted to \$219,823 from July 1, 2007 through January 2010, and will be approximately \$13,290 from February 2010 through June 2010. Thus, the retroactive nature of the bill implies a payment out of current royalty collections in FY11 of \$233,113. In addition, the annual revenue dedication to the Parish school fund is estimated at \$27,108 in FY11, \$23,042 in FY12, \$19,585 in FY13, \$16,647 in FY14, and \$14,150 in FY15. The estimates for FY10 - FY15 are based on gas production only since no oil has been produced since about mid-2009, and a 15% annual production decline rate is utilized.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost		<input checked="" type="checkbox"/> 6.8(F) >= \$100,000 Annual SGF Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer